



## MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: August 27, 2020

SUBJECT: Changes to the Placement Agent, Political Contribution, and Connection Disclosure Policy

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Attached is a revised version of the Placement Agent, Political Contribution, and Connection Disclosure Policy with the proposed revisions tracked. There are only three substantive changes. First, on page four, references to the Department's ethics policy are updated to reflect the revisions and consolidation of these policies. Second, the reference to the Manager Selection Policy is corrected on page five. Finally, approval by the Board and a signature line for the Board's Secretary are added as page 13.

Staff recommends the approval of the revised policy in Attachment 1.

**Attachment – Revised Placement Agent, Political Contribution, and Connection  
Disclosure Policy**

# NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS

## Placement Agent, Political Contribution, and Connection Disclosure Policy

### I. Purpose

**A. Background.** The North Carolina State Treasurer (the “Treasurer”), the North Carolina Department of State Treasurer (the “Department”) and the Supplemental Retirement Board of Trustees (the “Board”) strive to model excellence in performing their respective roles as fiduciaries to the Supplemental Retirement Income Plan of North Carolina, the North Carolina Public Employee Deferred Compensation Plan and the North Carolina Public School Teachers’ and Professional Educators’ Plan (collectively the “Plans”) through accountability and prudent oversight of entrusted assets. The Board is responsible for the selection of investment consultants, investment vehicles and investment managers for the Plans. Since 2009, the Treasurer and the Department have adopted several policies and procedures that govern the selection of outside Investment Managers for the investment program for the North Carolina Retirement Systems defined in N.C.G.S. § 147-69.2(b)(8) (the “Retirement Systems”). This Placement Agent, Political Contribution, and Connection Disclosure Policy (this “Policy”) is designed to be consistent with that of the Retirement Systems and is being implemented to emulate the goals and standards set forth in the policies adopted for the Retirement Systems.

**B. Role of Placement Agents.** A Placement Agent is, in essence, a marketing specialist hired by an outside investment management firm. Placement Agents often serve a valuable function by exposing new and emerging Investment Managers to investment funds which might otherwise have not received information about those Investment Managers’ opportunities. Placement Agents can help smaller managers learn how to market themselves as effectively as their larger counterparts. The Securities and Exchange Commission noted the helpful functions of Placement Agents in 2010, determining that it was prudent to allow Investment Managers to continue hiring Placement Agents so long as those Placement Agents are registered and regulated by an organization such as FINRA. *See* Release on SEC Rule, 75 Fed. Reg. 41,017 at 41,038 and 41,041 (July 14, 2010).

As the SEC observed, however, Placement Agents have been implicated in improper conduct affecting several public pension funds. If an Investment Manager hires a Placement Agent to utilize a pre-existing relationship between the Placement Agent and the public pension fund’s staff, the Placement Agent does not serve any useful function, and instead could cause a fund to make decisions on factors other than the potential investment’s strategy and expected performance.

**C. Goals of this Policy.** In this Policy, the Treasurer, the Department and the Board have chosen to impose certain limitations on an Investment Managers’ use of Placement Agents to ensure that Placement Agents will play only a proper role in marketing investment opportunities to the Plans. More broadly, the Policy seeks disclosures of connections or relationships between Investment Managers, Placement Agents, and persons affiliated with the Treasurer, the Department, the Board, or a Manager of Managers. The Policy has three basic features:

- First, the Policy requires comprehensive disclosures from any Investment Manager and any Placement Agent for the Plans, whether the Investment Manager has been hired to manage assets for the Plans (1) directly by the Board and the Department; or (2) indirectly by a Manager of Managers, Consultant, or other entity on behalf of the Board and the Department.
- Second, the Policy provides for legal review, conducted by an attorney, of the disclosed information to ensure that any Placement Agent or Investment Manager was hired for professional expertise, not for his or her connections to the Treasurer, the Board members,

Departmental staff, or a Manager of Managers. The Treasurer's Compliance Counsel will also evaluate any relationships to determine appropriate action, such as recusal.

- Third, the Policy restricts Investment Managers from using and compensating Placement Agents unless the Placement Agent is providing an introduction for an Investment Manager who has not managed any investments for the Plans or the Retirement Systems within the last two years. See Section VII(C).

## II. Application

**A. Generally.** This Policy applies to all Investment Transactions entered into by the Board and the Department directly or indirectly on or after September 1, 2014, and revised versions of this Policy apply to Investment Transactions entered into on or after the effective date of the revision. September 14, 2014, and any effective dates of revisions are referred to collectively as the "Effective Date."

This Policy applies whenever the Board and the Department either directly or indirectly are seeking to engage, hire, invest with or do business with an Investment Manager.

**B. Mutual Funds/Exchange-traded Funds.** This Policy does not apply to a mutual fund or exchange-traded fund that is selected as an investment option, when neither the Board nor the Department has any direct contractual or other relationship with the fund or the investment advisor for the fund.

**C. Transition Management.** For transition management services, this Policy applies to the original transition management agreement governing the relationship with the transition manager and any Substantive Amendments to such agreement. This Policy does not apply to a scope of services for each transition handled by the transition manager.

**D. Manager of Managers.** This Policy applies to a Manager of Managers in a fund of funds investment structure, such as the North Carolina Stable Value Fund. This Policy also applies to the Investment Managers hired by a Manager of Managers on behalf of the Board and the Department. Investment Managers hired by a Manager of Managers, and any Placement Agents for these Investment Managers, must provide disclosures in regards to the Treasurer, the Board, and the Department (as required by all Investment Managers and Placement Agents) and in regards to the Manager of Managers. An insurance company that provides a synthetic guaranteed investment contract or an insurance company separate account contract ("GIC") for the North Carolina Stable Value Fund is an Investment Manager for purposes of this Policy. Likewise, a GIC provided by an insurance company for the North Carolina Stable Value Fund is an Investment Transaction and an Investment Agreement for purposes of this Policy.

## III. Required Disclosures

**A. Disclosure Letters.** Prior to entering into an Investment Transaction, an Investment Manager shall provide to the Department's Compliance Counsel the following (collectively, the "Disclosure Letters"):

1. A disclosure from the Investment Manager substantially in the form of Appendix 1 to this Policy (an "Investment Manager Disclosure Letter"); and
2. If and only if there is a Placement Agent for the Investment Transaction, a disclosure from each Placement Agent substantially in the form of Appendix 2 to this Policy (a "Placement Agent Disclosure Letter").

For Substantive Amendments, regardless of whether any Disclosure Letters were provided at the time of the contract's original execution, Investment Managers and Placement Agents (if any) shall complete Disclosure Letters based on the circumstances surrounding the proposed Substantive Amendment, not the original contract.

**B. Content of Disclosure Letters.** Each Disclosure Letter shall be in substantially the form of Appendix 1 or Appendix 2 to this Policy, as applicable.

**C. Change of Information.** The Investment Manager and Placement Agent shall provide a written update of any material changes to their responses to Questions 1 through 3.2, 5.1 and 6 of the Disclosure Letter within fourteen (14) days after such person or entity knew or should have known of the change in information.<sup>1</sup>

**D. Representations and Warranties**

1. **By Investment Manager.** In the Investment Manager Disclosure Letter and/or the Investment Agreement, the Investment Manager shall represent and warrant that the information in the Investment Manager Disclosure Letter ~~isare~~ true, correct, and complete in all material respects. The Investment Agreement shall provide for a remedy for breach consistent with § IV of this Policy.

2. **By Placement Agent.** In the Placement Agent Disclosure Letter, the Placement Agent shall represent and warrant that the information in the Placement Agent Disclosure Letter ~~isare~~ true, correct, and complete in all material respects.

**E. Investment Recommendation Memorandum.** The recommendation memorandum from IMD staff (as required by the Manager Selection Policy, the "Recommendation Memo") must include a statement listing (1) the person(s), if any, who initially suggested the investment opportunity to IMD; and (2) any person(s) who appeared before IMD in the marketing or due diligence process on behalf of the proposed Investment Manager and who were not employees of the proposed Investment Manager or one of its affiliates.

**F. Transparency.** Disclosure Letters shall be public documents. Any designation by an Investment Manager or Placement Agent of Disclosure Letter text as a trade secret under N.C. Gen. Stat. § 132-1.2(1) shall be supported by a statement identifying how the text designated as a trade secret satisfies the test of N.C. Gen. Stat. §§ 66-152(3)(a.), (b.) and 132-1.2(1)(b.)-(d.). Notwithstanding such confidentiality designation by an Investment Manager or Placement Agent, any information determined in good faith by the Department to be eligible for disclosure under N.C. Gen. Stat. § 132 (Public Records Act) will not be treated as confidential information. The Department shall post on its website the Disclosure Letters for all Investment Transactions that were entered into by the Board and the Department.

**IV. Failure to Comply – Remedies**

**A. By Investment Managers.**

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<sup>1</sup> The Disclosure Letters ask several questions about social relationships, shared work history, and family or marital relationships in Questions 3.3 through 3.6. The answers to these questions will inevitably change over time. The Investment Manager and Placement Agent need not provide updates to Responses 3.3 through 3.6 but must update Responses 3.1 and 3.2 regarding conflicts of interest and recommendations to use a placement agent.

1. Each Investment Agreement entered into after the Effective Date shall include remedial provisions that apply in the event the Investment Manager (i) fails to comply with the Disclosure Letter requirements, (ii) makes a material misstatement or omission in its Disclosure Letter, (iii) fails to update a Disclosure Letter as required by Section § III(C) of this Policy, or (iv) otherwise materially violates this Policy (items (i) through (iv) collectively hereinafter, a “Violation of This Policy”).

2. All remedial actions for Violations of This Policy shall be at the Board’s sole discretion, without liability of the Board or the Department to the Investment Manager, and the Board may choose not to exercise any such remedy if the Board determines that such exercise may not be in the best interest of the Plans.

3. The remedial provisions for a Violation of This Policy shall provide that the Investment Manager shall repay to the Plans the greater of (a) the aggregate amount of any management or advisory fees paid to the Investment Manager for the most recent two years in respect of the investments or business of the Plans, without regard to any offset reducing such fees (*e.g.*, for placement fees, special fees, fund expenses); or (b) an amount equal to the amounts paid or promised to be paid to the Placement Agent with respect to investments or business with the Plans.

4. The Board may also impose a ban on future Investment Transactions with the Investment Manager.

5. The remedies set forth in this Section shall be in addition to any other remedies that the Board and the Department may be entitled to at law or in equity, by contract or otherwise.

**B. By Department Personnel.** Failure to comply with this Policy by Supplemental Retirement Plans (“SRP”) employees, SRP Contractors or SRP Consultants may result in penalties up to and including termination.

## **V. Notification & Review Process**

**A. Notice.** At the time that discussions are initiated with respect to a prospective Investment Manager, SRP staff will provide the Investment Manager with a copy of this Policy along with the Department’s Ethics and Conduct Policy (Tier 1) and Supplemental Ethics Policy (Tier 2), ~~the Charitable Donations Policy, and the Prohibition of Gifts to State Employees Policy.~~

**B. Timing of Disclosure Letters.** If possible, the Disclosure Letters shall be provided to the Compliance Counsel at least one month before the anticipated closing of the Investment Transaction.

**C. Review before Closing.** Before closing of the Investment Transaction and execution of contractual documents, the Compliance Counsel shall review Disclosure Letters in accordance with Section VI of this Policy.

**D. Implementation.** As part of the closing of an investment or engagement to which this Policy is applicable as described in Section II hereinabove, the Investment Manager will be required to (i) represent and warrant that its Disclosure Letter is, as of the date of closing, true, correct and complete in all material respects and (ii) confirm the Investment Manager’s agreement to the remedial provisions contained in Section IV.

## **VI. Evaluation of Disclosure Letters**

**A. Information Reviewed.** The Compliance Counsel shall review the Disclosure Letters and the Recommendation Memo. The Compliance Counsel may contact Departmental personnel, the Investment Manager, or the Placement Agent to address questions.

**B. Standard of Review.** The Compliance Counsel shall determine whether in his or her view, based on the information reviewed:

1. The Disclosure Letters are responsive, complete, and sufficient in all material respects;
2. Whether there is a reasonable chance that any aspect of the Investment Transaction's recommendation, negotiation, or approval may violate any law, regulation, or Departmental policy; and
3. Whether any aspect of the Investment Transaction's recommendation, negotiation, or approval (a) creates a material risk that the professional judgment or actions of persons currently affiliated with the Department have been or will be unduly influenced by a direct or indirect personal interest; or (b) raises significant reputational risk concerns related to Conflicts of Interest.

Any approval by the Compliance Counsel will be made in writing. These criteria are intended to be identical to the criteria in Section V of the Manager Selection Policy, and the Compliance Counsel's review under this Policy and under the Manager Selection Policy may be combined into one effort.

### **C. Corrective Procedures.**

1. **For issues under § VI(B)(1).** If the Compliance Counsel determines that the test stated by Subsection (B)(1) above is not met, he or she shall contact the Investment Manager or Departmental staff to seek correction of the Disclosure Letters.
2. **For issues under § VI(B)(2) or (B)(3).** If the Compliance Counsel determines that the test stated by Subsections (B)(2) or (B)(3) above may not be met, the Compliance Counsel will promptly notify SRP staff, the Chief Investment Officer, and the Department's General Counsel. If, after contacting Departmental personnel, Board members, the Investment Manager, and/or the Placement Agent, as necessary, to ask questions and after speaking with SRP and IMD staff, the Chief Investment Officer, and the General Counsel, the Compliance Counsel determines that a substantive issue exists that cannot be fully resolved, the issue shall be escalated for final decision by the Board at its next meeting. The resolution of the issue raised by the Compliance Counsel will be documented in writing and provided to the Board and the Treasurer before execution.

## **VII. Prohibitions**

**A. Prohibition on Investment without Approval under this Policy.** This Policy prohibits the Board and the Department from entering into any Investment Transaction unless the procedures stated by this Policy have been followed.

**B. Eligibility Criteria for Placement Agent.** The Board and the Department will not transact business either directly or indirectly on behalf of the Plans with an Investment Manager that has elected to use a Placement Agent unless the following criteria are met in all material respects:

1. The Placement Agent must be registered with either the Securities and Exchange Commission or the Financial Industry Regulatory Authority.<sup>2</sup>
2. The placement fee must not be shared with a person or entity that does not meet the criteria in Subsection (B)(1) above.
3. The person or entity acting as the Placement Agent must be in the habitual, systematized business of acting as a Placement Agent.
4. The Investment Manager must represent and warrant in the Investment Agreement that the information disclosed is true, correct, and complete in all material respects, as set forth in Section III(D).
5. The Investment Manager must agree in the Investment Agreement to the remedies for material omission or inaccuracy in the Disclosure Letter, as set forth in Section IV.
6. The Investment Manager must agree that the Investment Manager, not the Plans, shall bear the entire cost of all Placement Agent fees and expenses.<sup>3</sup>

**C. Prohibition on Use of Placement Agents if Investment Manager Currently Manages, or Recently Managed, Funds for the Plans or the Retirement Systems.**

1. **Prohibition.** The Board and the Department shall not enter into an Investment Transaction either directly or indirectly if both of the following apply: (1) the Investment Manager has elected to use and Compensate a third-party Placement Agent with respect to the Investment Transaction; and (2) the Investment Manager (or its affiliate) currently manages funds for the Plans or the Retirement Systems or has conducted such management within the last two years.<sup>4</sup> For clarity, the foregoing prohibition does not restrict Investment Managers from utilizing Placement Agents who are employees or employees of an Investment Manager's affiliate, so long as Compensation to the Placement Agent is disclosed in accordance with Section III(B)(4) of this Policy.

2. **No Placement Agents to Promote or Market Amendments.** The Board and the Department shall not enter into an amendment or consent to amend an existing

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<sup>2</sup> For international Investment Transactions, any Placement Agents outside the United States must have a substantially equivalent foreign registration.

<sup>3</sup> An investment vehicle in which the Plans are an investor may make a payment to the Placement Agent as an offset to the Plans' future fees or compensation to the Investment Manager if and only if (i) the terms of the management fee offset are fully disclosed, (ii) the Placement Agent and its Compensation are fully disclosed in approved Disclosure Letters under this Policy, and (iii) the Plans do not ultimately bear any Placement Agent fees and expenses.

<sup>4</sup> In some situations, an Investment Manager hires a Placement Agent for a small flat fee to assist in preparing marketing materials for all potential investors in the fund. Subsection (C) does not prohibit the Investment Transaction if the flat fee is not based on the size of the Investment Manager's fund, the flat fee is not based, directly or indirectly, on the size of the Plans' investment, and the Placement Agent does not appear personally in front of IMD or SRP staff.



contract if the Investment Manager hired a third-party Placement Agent to promote or market the amendment.

3. **No Tail Fees.** The Board and the Department shall not enter into an Investment Transaction if a Placement Agent (a) is not utilized to promote the current Investment Transaction by the Investment Manager; (b) nonetheless, the Investment Manager would Compensate the Placement Agent based on the Plans' investment for the current Investment Transaction; and (c) such Compensation would be the result of the Placement Agent's status, in a prior Investment Transaction, as the Placement Agent to the Plans.

**D. Prohibitions on Conduct of Department-Affiliated Personnel.** The Treasurer, Departmental staff (including SRP and IMD staff), SRP Contractors, SRP Consultants, and Board members ("Department-Affiliated Persons") shall not:

1. Suggest to an Investment Manager or IMD staff that a Placement Agent be engaged with respect to an Investment Transaction; or
2. Make an initial call to or contact with a Placement Agent about an investment opportunity, unless that Placement Agent meets the standards of Subsections (B)(1) and (B)(3) above and the contact will be disclosed in the Recommendation Memo and Disclosure Letters as required under this Policy.

## **VIII. Disclosure and Evaluation of Connections or Relationships**

**A. General Principles.** Each Disclosure Letter shall contain the statements requested in this section disclosing any connections or relationships that may exist between the Investment Manager or Placement Agent (as applicable) and Department-Affiliated Persons. The Investment Manager and Placement Agent must, in good faith, make their responses materially complete. In preparing their responses, the Investment Manager and Placement Agent may rely on lists provided by the Department of State Treasurer of current and past Departmental personnel and Board members.

The Compliance Counsel will evaluate the disclosures in accordance with the standard of review set out in Section VI(B) of this Policy, following the principles set out in this Section VIII. Some types of connections or relationships are the ordinary result of doing business. Based on the facts and the principles set out in this section of the Policy, the Treasurer's Compliance Counsel will determine what actions are required, including recusal of one or Departmental members or the appointment of a neutral third party to independently evaluate the Investment Transaction.

### **B. Responses 3.1(a) and (b): Financial Benefit or Current Employment**

1. **Disclosure.** The Disclosure Letter shall list whether any current Department-Affiliated Persons or any member of their Immediate Family (i) are personnel, officers, directors, partners and/or principals of the Investment Manager or Placement Agent, or (ii) would receive a financial benefit to themselves derived from the Compensation provided to the Investment Manager or Placement Agent.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure: (i) the affected Department-Affiliated Person shall be recused from the Investment Transaction and shall play no part in its consideration or approval; and (ii) if the Department-Affiliated Person has already played a substantive role in the consideration

or approval of the Investment Transaction, the Investment Transaction shall be prohibited. The Chief Investment Officer, Board, Department's General Counsel, and Treasurer shall be notified in writing of the connection.

**C. Responses 3.2(a) and (b): Who Recommended Placement Agent**

1. **Disclosure.** The Disclosure Letter shall list whether any current or former Department-Affiliated Person suggested to the Investment Manager or to the Department's investment staff that the Placement Agent be retained for the Investment Transaction, even if no Placement Agent was ultimately used.

2. **Resolution.** If such a suggestion is disclosed, the Compliance Counsel shall review the disclosure; notify the Chief Investment Officer, Board, Department's General Counsel, and Treasurer; and ensure that appropriate action is taken as prescribed by this subsection.

a. If a current Department-Affiliated Person suggested that a Placement Agent be retained with respect to a proposed Investment Transaction or Substantive Amendment, the Compliance Counsel will seek disciplinary action against the Department-Affiliated Person under Section VII(D) of this Policy. Moreover, the proposed transaction or amendment shall be prohibited if the Investment Manager retained the suggested Placement Agent. If the Investment Manager did not retain the suggested Placement Agent, recusal of the Department-Affiliated Person and mandatory neutral third-party due diligence is required.

b. If a former Department-Affiliated Person suggested that a Placement Agent be retained, the Compliance Counsel shall determine whether recusal, a ban on the investment, or mandatory third-party due diligence is warranted based on the likelihood that the suggestion resulted in a Conflict of Interest.

**D. Response 3.3: Family Relationships**

1. **Disclosure.** The Disclosure Letter shall list any instance in which the current (i) Treasurer, (ii) Department of State Treasurer Senior Staff, (iii) Board members, or (iv) SRP or IMD staff, are Immediate Family members of either (a) principal members of the management team at the Investment Manager or (b) Placement Agent officers, partners, or principals; Placement Agent personnel who played a role in marketing or outreach for the Investment Transaction; or Placement Agent personnel who will receive Compensation, directly, or indirectly for the Investment Transaction.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that (i) the Chief Investment Officer, Board, Department's General Counsel, and Treasurer are notified in writing of the connection and (ii) the Department-Affiliated Person with such a connection is recused from the Investment Transaction, has played no part in its consideration or approval, and will play no part in its consideration or approval. If recusal is not practical in the circumstances, or the Department-Affiliated Person has already played a role in the consideration or approval of the Investment Transaction, the Compliance Counsel may either designate the Investment Transaction as prohibited by this Policy or, at the option of the Compliance Counsel, allow the Investment Transaction to go

forward if a neutral third party hired by the Department performs an independent evaluation of the proposed transaction and recommends it for investment.

**E. Response 3.4: Former Department Personnel or Officials**

1. **Disclosure.** The Disclosure Letter shall list any instance in which any personnel of the Investment Manager or Placement Agent (if applicable) are former Department-Affiliated Persons. Any financial benefit to such former personnel or officials shall be identified.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that (i) the Chief Investment Officer, Department's General Counsel, Treasurer, and the Board are notified in writing of the connection; and (ii) the decision-making of the Department with respect to the Investment Transaction does not appear to have been unduly influenced by the presence of former Department-Affiliated Persons at the Investment Manager or Placement Agent.

**F. Response 3.5: Prior Working Relationships**

1. **Disclosure.** The Disclosure Letter shall list and describe any professional or working relationships that have existed in the past between persons who are now (i) SRP or IMD employees, (ii) SRP or IMD Contractors or Consultants, (iii) the State Treasurer, or (iv) Department of State Treasurer Senior Staff, on the one hand, and, on the other hand, (a) the Investment Manager's project team or (b) Placement Agent personnel who would receive Compensation (directly or indirectly) for the Investment Transaction or who played a role in marketing or outreach for the Investment Transaction. For purposes of this response, "professional or working relationships" includes occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship; the term does not include prior engagements of the Investment Manager by the Department of State Treasurer or the Plans or prior occasions in which the Placement Agent marketed a fund to the Department of State Treasurer.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that the decision-making of the Board or SRP or IMD staff with respect to the Investment Transaction does not appear to have been unduly influenced by the prior working relationship.

**G. Response 3.6: Social Connections or Personal Relationships**

1. **Disclosure.** The Disclosure Letter shall list and describe any pre-existing relationships involving social contacts outside of business between (i) SRP or IMD employees, (ii) SRP or IMD Contractors or Consultants, (iii) the State Treasurer, or (iv) Department of State Treasurer Senior Staff, on the one hand, and, on the other hand, (a) the Investment Manager's project team or (b) Placement Agent personnel who would receive Compensation (directly or indirectly) for the Investment Transaction or who played a role in marketing or outreach for the Investment Transaction.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that the decision-making of the Board or SRP or IMD staff with respect to the Investment Transaction does not appear to have been unduly influenced by the social relationship. If the social relationship appears to be significant and long-lasting, the

Compliance Counsel shall notify the Board, Department's General Counsel, Chief Investment Officer, and Treasurer in writing of the social relationship and suggest, based on the facts, whether recusal or an independent evaluation of the transaction by a neutral third party should be provided.

## **IX. Political Contributions**

**A. Prohibition.** The Board and the Department will not transact business with an Investment Manager if it has been determined that a Political Contribution to the Treasurer or any incumbent, nominee, or candidate for such elective office has been made, coordinated or solicited (i) in violation of applicable state or federal law or (ii) in a manner that would make it unlawful, under the SEC Rule, for the Investment Manager (or its affiliate) to seek Compensation for services to the Treasurer and/or the Plans.

**B. Disclosure.** Each Disclosure Letter shall contain a list of Political Contributions made, coordinated, or solicited by the Investment Manager and Placement Agent (as applicable) and their covered associates (as defined in the SEC Rule) for the campaign of (a) any incumbent, nominee, candidate, or successful candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office.

**C. Use of Disclosure.** The Disclosure contemplated by Subsection (B) above shall not be used by the Treasurer or Department of State Treasurer staff for political purposes, but shall be used exclusively as a check on compliance with the SEC Rule and this Policy.

## **X. Definitions**

The following terms when used in this Policy shall have the meanings set forth below.

**A. “Compensation”:** Compensation of any kind (including flat fees, contingent fees, or any other form of tangible or intangible compensation or benefit) provided as a result of an Investment Transaction. If a Placement Agent receives a flat fee based on the size of an Investment Manager's fund, the Placement Agent receives “Compensation” under this Policy if the Plans' investment is included in the fund size number that is used to calculate the Placement Agent's fee. A Placement Agent also receives “Compensation” under this Policy if the Investment Manager increases the Placement Agent's flat fee with the understanding, or in part because, direct payment to the Placement Agent based on the Plans' investment would be barred under this Policy. “Compensate” means to provide Compensation.

**B. “Compliance Counsel”:** An attorney designated by the Department's General Counsel.

**C. “Conflict of Interest”:** Circumstances that create a material risk that professional judgment or actions regarding the transaction's recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest.

**D. “Contractor or Consultant”:** A natural person engaged by SRP (whether directly or indirectly through a staffing agency, limited liability entity, or other organization) to consult and advise the Plans on potential investment opportunities; *provided, however*, that the term “SRP Contractor or Consultant” shall not include (i) State of North Carolina employees, (ii) the Treasurer or members of the Board, and (iii) persons given authority or discretion by the Board to make decisions, such as Investment Managers.

**E.** “Department of State Treasurer Senior Staff”: The Department’s Chief of Staff, Deputy Chief of Staff, General Counsel, attorneys in the General Counsel’s Office with responsibility for SRP and the Chief Investment Officer.

**F.** “IMD”: The Investment Management Division of the North Carolina Department of State Treasurer.

**G.** “Immediate Family”: Mother, father, brother, sister, wife, husband, or child, either by birth, by marriage, by engagement to be married, or through a live-in domestic partnership that is similar to marriage; lineal ascendants (grandparents, etc.); and lineal descendants (grandchildren, etc.).

**H.** “Investment Agreement”: The final written agreement or contract between the Board and the Department, on the one hand, and the Investment Manager, on the other, with respect to an Investment Transaction. A GIC provided by an insurance company for the North Carolina Stable Value Fund is an Investment Agreement for purposes of this Policy.

**I.** “Investment Manager”: A person or entity, other than Board members or Departmental employees, given authority or discretion to make decisions concerning the investment of Plan funds. An insurance company that provides a GIC for the North Carolina Stable Value Fund is an Investment Manager for purposes of this Policy.

**J.** “Investment Transaction”: (i) A business undertaking agreed upon between the Board and the Department, on the one hand, and an Investment Manager, on the other, to invest the assets of one or more of the Plans; or (ii) a Substantive Amendment. A GIC provided by an insurance company for the North Carolina Stable Value Fund is an Investment Transaction for purposes of this Policy.

**K.** “Manager of Managers”: An Investment Manager that selects and manages underlying Investment Managers on behalf of the Department and the Board. The Investment Manager for the North Carolina Stable Value Fund is a Manager of Managers.

**L.** “Manager Selection Policy”: The *Policy and Procedures for Investment Transactions and Investment Manager Selection*, as adopted by the Board.

**M.** “Placement Agent”:

Definition. For purposes of this Policy, “Placement Agent” means any entities or persons (including but not limited to, lobbyists, solicitors, brokers, meeting arrangers, persons who hold themselves out as “placement agents,” “cap intro” firms, finders, and third-party marketers) engaged by an Investment Manager and/or its affiliates, directly or indirectly, for the purpose of marketing to and/or securing from any of the Plans any commitments to manage Plan assets or other ongoing investment management business.

1. Placement agents who solely solicit investors other than the Plans. If an entity or person is not engaged to obtain investment from the Plans, but is engaged by an Investment Manager to obtain investment from other investors, that entity or person is generally not a “Placement Agent” for purposes of this Policy. However, if the Investment Manager asks for the Plans to directly or indirectly pay the fees or costs charged by that entity or person, that entity or person is a “Placement Agent” for purposes of this Policy, regardless of whether the entity or person technically was engaged to solicit the Plans.

2. International regulatory agents. Notwithstanding the foregoing, where an Investment Manager is required by another country’s national regulator to engage an agent as a precondition to offering interests to investors resident in those countries, those regulatorily required agents are not “Placement Agents” within the definition of this Policy.

3. Investment Manager employees. Within this Policy, the term “Placement Agent” shall include natural persons who are employees, officers, directors or partners of an Investment Manager (or its affiliate) only if they are subject to registration requirements with the Securities and Exchange Commission or the Financial Industry Regulatory Authority.

N. “Political Contribution”: Any “Contribution” as defined under the SEC Rule or any other political or campaign contribution under any applicable state or federal law, including, without limitations, any gift, reward, promise of future employment or reward, subscription, loan, advance, deposit of money, or anything of value furnished for the purpose of influencing an election for a federal, state or local office, including any payments for debts incurred in such an election and transition or inaugural expenses incurred by a successful candidate for office.

O. “SEC Rule”: The Securities and Exchange Commission rule on Political Contributions by Certain Investment Advisers, 75 Fed. Reg. 41,017 (July 14, 2010), amending 17 C.F.R. §§ 275.204-2, 275.206(4)-3, and 275.206(4)-5. Upon any future amendment to the SEC Rule, this reference shall automatically update to include those amendments.

P. “Substantive Amendment”: An amendment to an Investment Agreement that increases the fee, expenses, or other compensation paid to an Investment Manager or other party or otherwise substantively and negatively changes the Board’s and the Department’s rights or obligations.

## **XI. Interpretation**

Questions concerning the meaning of this Policy shall be resolved by the Department’s General Counsel or by his or her designee.

## **XII. Revision History and Effective Dates**

Version	Effective Date	Description of Changes
1	September 1, 2014	Original version
2	March 23, 2017	Revised definitions of “Placement Agent” and “Effective Date.” Increased prohibitions and disclosures. Clarified application. Other clarifications and revisions.
3	June 21, 2018	Clarified application of Policy to transition management. Clarified items on the Form Disclosure Letters.
4	June 20, 2019	Required disclosures regarding manager of managers. Clarified application of Policy to guaranteed investment contracts. Clarified items on the Form Disclosure Letters.
<u>4.1</u>	<u>August 27, 2020</u>	<u>Updated references to Department’s ethics policies.</u>

Approved by the North Carolina Supplemental Retirement Board of Trustees:

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Secretary of the Board

Appendix 1 to North Carolina Supplemental Retirement Plans Placement Agent, Political  
Contribution, and Connection Disclosure Policy

Form Disclosure Letter for Investment Managers

From: The Investment Manager listed below

To: North Carolina Department of State Treasurer and North Carolina Supplemental Retirement Board of Trustees  
3200 Atlantic Avenue  
Raleigh, North Carolina 27604

Re: Disclosure Letter pursuant to Placement Agent and Political Contribution, and Connection Disclosure Policy

Ladies and Gentlemen:

Under the Placement Agent, Political Contribution, and Connection Disclosure Policy (the “Policy”) adopted by the North Carolina Supplemental Retirement Board of Trustees (the “Board”), the Board requires Investment Managers and Placement Agents to make disclosures at certain times specified by the Policy. Pursuant to and in accordance with the Policy, the undersigned Investment Manager hereby makes the following disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Policy.

1. Basic Information

Name of Investment Manager:	
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This letter is submitted in connection with the below-listed Investment Transaction.

*List below the name of the fund in the NC 401(k)/457 Plans to which the Investment Transaction applies. For investment management agreements, list the name of the investment strategy.*

Name of fund in the NC 401(k)/457 Plans: _____
Name of the investment strategy: _____

This disclosure letter is submitted in connection with one of the following (check one box below):

- ☐ A new Investment Agreement (including an existing Investment Agreement that is amended and restated in its entirety).
- ☐ An amendment to an existing Investment Agreement. *If this box is checked, provide responses on this form based on the amendment, not based on the original contract.*
- ☐ An update to a previously submitted disclosure letter for the Investment Transaction above.



2. Disclosures and Representations Concerning Placement Agent

a. Use of Placement Agent

*Check the appropriate box.*

The Investment Manager (or any officer, partner, principal, or affiliate thereof) (a) has used or Compensated, or will use or Compensate, a Placement Agent to assist the Investment Manager in obtaining this investment; or (b) has Compensated, or will Compensate, the Placement Agent, directly or indirectly, from the Plans' investment.

*See the definition of "Placement Agent" in Section X of the Policy. Please be aware that this definition includes (without limitation) not only persons who hold themselves out as "placement agents," but also lobbyists, solicitors, brokers, meeting arrangers, or any other entities or persons that are either (i) engaged to obtain investment from the Plans or (ii) directly or indirectly compensated from the Plans or the Plans' investment.*

☐ Yes      ☐ No *Note: If the answer is "no," proceed to Question 3.*

b. Representations

The Investment Manager hereby confirms and represents:

- i. The Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association;
- ii. The individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses;
- iii. No placement fee has been, or will be, shared with any person or entity not so registered;
- iv. The Placement Agent is in the habitual systematized business of acting as a Placement Agent;
- v. Other than as disclosed in this document, no Placement Agent is being, or will be, used or Compensated, directly or indirectly, to assist the Investment Manager in obtaining investments from, or business with, any of the Plans; and
- vi. The Investment Manager, not the Department, the Board, or the Plans, shall bear the entire cost of all Placement Agent fees and expenses disclosed in this document.

c. Placement Agent Information

- i. The name of the Placement Agent is:

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- ii. Is the Placement Agent an affiliate or employee of the Investment Manager?  
☐ Yes      ☐ No

*Note that the definition of "Placement Agent" includes not only third parties, but also employees or affiliates of an Investment Manager who are subject to registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association and who were or will be (i) used or Compensated*

*to assist in obtaining the investment from the Plans; or (ii) Compensated directly or indirectly from the Plans or the Plans' investment.*

- iii. The names of the Placement Agent personnel who have played a role in marketing or outreach for the Investment Transaction are:

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- iv. The following Placement Agent personnel will receive Compensation, directly or indirectly, as a result of the Plans' investment in the Investment Transaction:

--

*Note that throughout this Disclosure Letter, "Compensation" to a Placement Agent is deemed to include a flat fee, contingent fee, or any other form of tangible or intangible compensation or benefit. See the Policy's definitions for further details.*

- v. To the Investment Manager's knowledge, the officers, partners, or principals of the Placement Agent, not listed above, are:

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- vi. **Attached** is a resume (or other summary) for each person listed above detailing the person's education, work experience and professional designations.

- vii. Are any persons listed above, or any other Placement Agent officers, partners, and/or principals, current or former (i) North Carolina State Treasurers; (ii) Board members; (iii) North Carolina Department of State Treasurer employees, contractors, or consultants; (iv) employees, contractors, or consultants of the Manager of Manager (if any); or (v) members of the Immediate Family of persons listed in (i) to (iv) above?

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

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d. Recent Management of North Carolina Investments by Investment Manager

- ☐ The Investment Manager (or its affiliate) currently manages an investment by the Plans or the Retirement Systems or has managed an investment by the Plans or the Retirement Systems within the last two years. *If this box is checked, Department policy bars the Compensation of any third-party Placement Agent (in other words, a Placement Agent who is not an employee or affiliate of the Investment Manager) in connection with the Plan's investment in the Investment Transaction.*
- ☐ The Investment Manager (or its affiliate) has not managed an investment by the Plans or the Retirement Systems within the last two years.

e. Whether Placement Agent is Being Compensated

- ☐ The Placement Agent is not being Compensated, directly or indirectly, as a result of the Plans' investment in the Investment Transaction. *If this box is checked, skip question 2.6.*
- ☐ The Placement Agent is being Compensated, directly or indirectly, as a result of the Plans' investment in the Investment Transaction.

f. Terms of Placement Agent Compensation and Placement Agent Agreement

*Check one of the three boxes below. You may attach additional pages.*

- ☐ Attached are the provisions of the Investment Manager's contract with the Placement Agent that describe the Placement Agent's Compensation and services. These provisions describe any and all Compensation of any kind provided or agreed to be provided to the Placement Agent.
- ☐ The contract or arrangement between the Investment Manager and the Placement Agent is oral, not written. Below is a description of the terms of that oral contract that create an obligation to pay a fee to or for the benefit of any Placement Agent, including but not limited to a description of all terms concerning Compensation of any kind provided or agreed to be provided to any Placement Agent. This description includes the nature, timing and value of such Compensation.

- ☐ The Placement Agent is an employee of the Investment Manager. Below is a general disclosure providing the employee's role and responsibilities and stating any known effect on the employee's Compensation that is directly attributable to the Plans' proposed investment.

g. Actions and Investigations Involving Placement Agent

*Check one of the two boxes below.*

- i. Has the Placement Agent (or any officer, partner, or principal thereof) been the subject of a non-routine inquiry, action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years?

☐ Yes ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

- ii. To the Investment Manager's knowledge, does the Placement Agent (or any officer, partner, or principal thereof) anticipate being the subject of such inquiries, actions or investigations in the future?

☐ Yes ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

3. Connections or Relationships

a. Conflicts

- i. Are any personnel, officers, directors, partners and/or principals of the Investment Manager current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Supplemental Retirement Plans or Investment Management Division, Board members, or employees, contractors, or consultants of the Manager of Manager (if any)?

☐ Yes ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

- ii. Will any current North Carolina Department of State Treasurer employees; persons who serve as consultants or contractors for the Department's Supplemental Retirement Plans or Investment Management Division; Board members; or employees, contractors, or consultants of the Manager of Manager (if any) receive a financial benefit to themselves or to a member of their Immediate Family derived from the Compensation provided to the Investment Manager or Placement Agent for the Investment Transaction?

☐ Yes ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

b. Recommendations of Placement Agent

- i. Did a current or former Treasurer, Department of State Treasurer employee, Supplemental Retirement Plans or Investment Management Division contractor or consultant, member of the Board, or employee of the Manager of Manager (if any) suggest to the Investment Manager that it retain a Placement Agent, even if no Placement Agent was ultimately used?

☐ Yes ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

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- ii. To the Investment Manager's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Supplemental Retirement Plans or Investment Management Division contractor or consultant, member of the Board, or employee of the Manager of Manager (if any) suggest to the Department's investment staff that a Placement Agent be retained for the Investment Transaction, even if no Placement Agent was ultimately used?

☐ Yes ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

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c. Family Relationships

Are any of the persons listed in box (1) a member of the Immediate Family of a person listed in box (2)?

Box (1)	Box (2)
<ul style="list-style-type: none"><li>• The State Treasurer</li><li>• Department of State Treasurer Senior Staff</li><li>• Members of the Board</li><li>• Supplemental Retirement Plans Senior Staff</li><li>• Supplemental Retirement Plans or staff who played a role in the due diligence for the Investment Transaction</li><li>• Investment Management Division Senior Staff</li><li>• Investment Management Division staff who played a role in due diligence for the Investment Transaction</li><li>• Employees of the Manager of Managers (if any) who played a role in due diligence for the Investment Transaction</li></ul>	<ul style="list-style-type: none"><li>• A principal member of the project team for the Plans' account at the Investment Manager</li><li>• Any person associated with the Placement Agent listed in the responses to Question 2.3</li></ul>

<ul style="list-style-type: none"> <li>Members of the Manager of Managers' (if any) project team for the Plans' account</li> </ul>	
--	--

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and describe the relationship.*

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*The following questions ask about past or present connections, friendships, or relationships that may exist between (1) the Department's staff, the Board, or the Manager of Managers (if any); and (2) the Investment Manager's staff. Some types of connections or relationships are the ordinary result of doing business. The Department's Compliance Counsel will evaluate this form to determine whether recusal, additional due diligence, or other actions are required.*

d.      Former Department Personnel or Officials

Are any Investment Manager personnel former North Carolina Department of State Treasurer employees or contractors, North Carolina State Treasurers, Board members, or employees or contractors of the Manager of Manager (if any)?

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

e.      Prior Working Relationships

List below any professional or working relationships that the Investment Manager's project team for the Plans' account have had in the past with persons who are now Supplemental Retirement Plans personnel, consultants, or contractors; members of the Board; Investment Management Division personnel, consultants, or contractors; the State Treasurer; Department of State Treasurer Senior Staff; or employees, consultants, or contractors of the Manager of Manager (if any). If there are no prior working relationships to report, please indicate so by checking the "None" box below.

☐ None

*Please list in this section any occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship. You need not list prior occasions in which the Investment Manager did business for the Department of State Treasurer.*

f. Social Connections or Personal Relationships

List below any social connections or relationships between the Investment Manager’s project team for the Plans’ account and Supplemental Retirement Plans personnel, consultants, or contractors; members of the Board; Investment Management Division personnel, consultants, or contractors; the State Treasurer; Department of State Treasurer Senior Staff; or employees, consultants, or contractors of the Manager of Manager (if any). If there are no social connections to report, please indicate so by checking the “None” box below.

☐ None

*Please list in this section any pre-existing relationships involving social contacts outside of business.*

4. Lobbying Information

*Check one of the two boxes below.*

☐ The Investment Manager (and/or any officer, employee, partner, or principal thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (attach additional pages as necessary):

☐ Neither the Investment Manager nor any officer, employee, partner, or principal thereof is registered as a lobbyist with any state government.

5. Political Contributions

a. Representation

The Investment Manager hereby confirms and represents that none of the Investment Manager and its covered associates as defined in SEC Rule 206(4)-5(f)(2) has made, coordinated or solicited any Political Contribution to the Treasurer or any incumbent, nominee, candidate or successful candidate for such elective office (i) in violation of applicable state or federal law; or (ii) in a manner that would make it unlawful, under the SEC Rule, for the Investment Manager to seek compensation for services to the Treasurer, the Department, the Board, and/or the Plans.

b. Disclosure

During the last five years from the date of this letter, have the Investment Manager or any of its covered associates as defined in SEC Rule 206(4)-5(f)(2) made, coordinated, or solicited any Political Contributions for the campaign of (a) any incumbent, nominee, or candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office?

☐ Yes      ☐ No

*If your answer is "Yes," list applicable Political Contributions below.*

Date	Person or company making, coordinating, or soliciting	Person or entity receiving	Amount

*[Signature Page Follows]*



6. Signature

By signing below, the Investment Manager hereby (i) represents and warrants that the information in this Disclosure Letter is true, correct, and complete in all material respects, and (ii) agrees that it shall provide the Board and Department with a written update of any material changes to Responses 1 to 3.b, 5.a, and 6 in this Disclosure Letter within fourteen (14) days from the date the Investment Manager knew or should have known of the change of information.

Sincerely,

\_\_\_\_\_,  
**on behalf of the Investment Manager listed above**

**By:** \_\_\_\_\_  
(print name)

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Appendix 2 to North Carolina Supplemental Retirement Plans Placement Agent, Political  
Contribution, and Connection Disclosure Policy

Form Disclosure Letter for Placement Agents

From: The Placement Agent listed below

To: North Carolina Department of State Treasurer and North Carolina Supplemental Retirement Board of Trustees  
3200 Atlantic Avenue  
Raleigh, North Carolina 27604

Re: Disclosure Letter pursuant to Placement Agent, Political Contribution, and Connection Disclosure Policy

Ladies and Gentlemen:

Under the Placement Agent, Political Contribution, and Connection Disclosure Policy (the “Policy”) adopted by the North Carolina Supplemental Retirement Board of Trustees (the “Board”), the Board requires Investment Managers and Placement Agents to make disclosures at certain times specified by the Policy. Pursuant to and in accordance with the Policy, the undersigned Placement Agent hereby makes the following disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Policy.

1. Basic Information

Name of Investment Manager:	
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This letter is submitted in connection with the below-listed Investment Transaction.

*List below the name of the fund or separate account in which the Plans are investing. For investment management agreements, list the name of the investment strategy.*

Name of fund in the NC 401(k)/457 Plans: \_\_\_\_\_

Name of the investment strategy: \_\_\_\_\_

This disclosure letter is submitted in connection with one of the following (check one box below):

☐ A new Investment Agreement (including an existing Investment Agreement that is amended and restated in its entirety).

☐ An amendment to an existing Investment Agreement. *If this box is checked, provide responses on this form based on the amendment, not based on the original contract.*

☐ An update to a previously submitted disclosure letter for the Investment Transaction above.

2. Disclosures and Representations Concerning Placement Agent

a. Use of Placement Agent

The below-signed person or entity confirms that it is serving as a Placement Agent for the Investment Transaction listed above.

b. Representations

The Placement Agent hereby confirms and represents:

- i. The Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association;
- ii. The individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses; and
- iii. The Placement Agent is in the habitual systematized business of acting as a Placement Agent.

The Placement Agent hereby confirms and represents, to the best of its knowledge:

- i. No placement fee has been, or will be, shared with any person or entity not registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association;
- ii. Other than as disclosed in this document, no Placement Agent is being, or will be, Compensated, directly or indirectly, to assist the Investment Manager in obtaining investments from, or business with, any of the Plans; and
- iii. The Investment Manager, not the Department, the Board, or the Plans, shall bear the entire cost of all Placement Agent fees and expenses disclosed in this document.

c. Placement Agent Information

- i. The name of the Placement Agent is:

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- ii. Is the Placement Agent an affiliate or employee of the Investment Manager?  
☐ Yes      ☐ No

*Note that the definition of “Placement Agent” includes not only third parties, but also employees or affiliates of an Investment Manager who are subject to registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association and who were or will be (i) used or Compensated assist in obtaining the investment from the Plans; or (ii) Compensated directly or indirectly from the Plans or the Plans’ investment. See the definition in Section X of the Placement Agent Policy for further details.*

- iii. The names of the Placement Agent personnel who have played a role in marketing or outreach for the Investment Transaction are:

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- iv. The following Placement Agent personnel will receive Compensation, directly or indirectly, as a result of the Plans' investment in the Investment Transaction:

--

*Note that throughout this Disclosure Letter, "Compensation" to a Placement Agent is deemed to include a flat fee, contingent fee, or any other form of tangible or intangible compensation or benefit. See the Policy's definitions for further details.*

- v. The officers, partners, or principals of the Placement Agent, not listed above, are:

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- vi. **Attached** is a resume (or other summary) for each person listed above detailing the person's education, work experience and professional designations.

- vii. Are any persons listed above, or any other Placement Agent officers, partners, and/or principals, current or former (i) North Carolina State Treasurers; (ii) Board members; (iii) North Carolina Department of State Treasurer employees, contractors, or consultants; (iv) employees, contractors, or consultants of the Manager of Manager (if any); or (v) members of the Immediate Family of persons listed in (i) to (iv) above?

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

d. Recent Management of North Carolina Investments by Investment Manager

☐ To the Placement Agent's knowledge, the Investment Manager (or its affiliate) currently manages an investment by the Plans or the Retirement Systems or has managed an investment by the Plans or the Retirement Systems within the last two years. *If this box is checked, Department policy bars the Compensation of any third-party Placement Agent (in other words, a Placement Agent who is not an employee or affiliate of the Investment Manager) in connection with the Treasurer's investment in the Investment Transaction.*

☐ To the Placement Agent's knowledge, the Investment Manager (or its affiliate) has not managed an investment by the Plans or the Retirement Systems within the last two years.

e. Whether Placement Agent is Being Compensated

☐ The Placement Agent is not being Compensated, directly or indirectly, as a result of the Plans' investment in the Investment Transaction. *If this box is checked, skip question 2.6.*

☐ The Placement Agent is being Compensated, directly or indirectly, as a result of the Plans' investment in the Investment Transaction.

f. Terms of Placement Agent Compensation and Placement Agent Agreement

*Check one of the three boxes below. You may attach additional pages.*

☐ Attached are the provisions of the Investment Manager's contract with the Placement Agent that describe the Placement Agent's Compensation and services. These provisions describe any and all Compensation of any kind provided or agreed to be provided to the Placement Agent.

☐ The contract or arrangement between the Investment Manager and the Placement Agent is oral, not written. Below is a description of the terms of that oral contract that create an obligation to pay a fee to or for the benefit of any Placement Agent, including but not limited to a description of all terms concerning Compensation of any kind provided or agreed to be provided to any Placement Agent. This description includes the nature, timing and value of such Compensation.

--

☐ The Placement Agent is an employee of the Investment Manager. Below is a general disclosure providing the employee's role and responsibilities and stating any known effect on the employee's Compensation that is directly attributable to the Plans' proposed investment.

--

g. Actions and Investigations Involving Placement Agent

*Check one of the two boxes below.*

- i. Has the Placement Agent (or any officer, partner, or principal thereof) been the subject of a non-routine inquiry, action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years?

☐ Yes ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

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- ii. Does the Placement Agent (or any officer, partner, or principal thereof) anticipate being the subject of such inquiries, actions or investigations in the future?

☐ Yes ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

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h. Registration of Placement Agent and Licensing of Placement Agent Representatives

- i. The Placement Agent's registration details are as follows:

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- ii. For each individual officer, partner, principal, employee and other representative of the Placement Agent, the registrations, number of years of employment by the Placement Agent and the number of years of experience directly related to such business are as follows (attach additional pages as necessary):

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3. Connections or Relationships

a. Conflicts

- i. Are any personnel, officers, directors, partners and/or principals of the Placement Agent current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Supplemental Retirement Plans or Investment Management Division, Board members, or employees, consultants, or contractors of the Manager of Managers (if any)?

☐ Yes ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

- ii. Will any current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Supplemental Retirement Plans or Investment Management Division, Board members, or employees, consultants, or contractors of the Manager of Managers (if any) receive a financial benefit to themselves or to a member of their Immediate Family derived from the Compensation provided to the Placement Agent for the Investment Transaction?

☐ Yes ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

b. Recommendations of Placement Agent

- i. To the Placement Agent's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Supplemental Retirement Plans or Investment Management Division contractor or consultant, member of the Board, or employee, consultant, or contractor of the Manager of Managers (if any) suggest to the Investment Manager that it retain the Placement Agent?

☐ Yes ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

--

- ii. To the Placement Agent's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Supplemental Retirement Plans or Investment Management Division contractor or consultant, member of the Board, or employees, consultants, or contractors of the Manager of Managers (if any) suggest to the Department's investment staff that the Placement Agent be retained for the Investment Transaction?

☐ Yes ☐ No

*If your answer is “Yes,” list the person who suggested retention of the Placement Agent.*

--

c. Family Relationships

Are any of the persons listed in box (1) a member of the Immediate Family of a person listed in box (2)?

Box (1)	Box (2)
<ul style="list-style-type: none"> <li>• The State Treasurer</li> <li>• Department of State Treasurer Senior Staff</li> <li>• Members of the Board</li> <li>• Supplemental Retirement Plans Senior Staff</li> <li>• Supplemental Retirement Plans staff who played a role in the due diligence for the Investment Transaction</li> <li>• Investment Management Division Senior Staff</li> <li>• Investment Management Division staff who played a role in due diligence for the Investment Transaction</li> <li>• Employees of the Manager of Managers (if any) who played a role in due diligence for the Investment Transaction</li> <li>• Members of the Manager of Managers’ (if any) project team for the Plans’ account</li> </ul>	<ul style="list-style-type: none"> <li>• Any person associated with the Placement Agent listed in the responses to Question 2.3</li> </ul>

☐ Yes      ☐ No

*If your answer is “Yes,” list the persons and describe the relationship.*

--

*The following questions ask about past or present connections, friendships, or relationships that may exist between (1) the Department’s staff, the Board, or the Manager of Managers (if any); and (2) the staff of any Placement Agent. Some types of connections or relationships are the ordinary result of doing business. The Department’s Compliance Counsel will evaluate this form to determine whether recusal, additional due diligence, or other actions are required.*

d. Former Department Personnel or Officials

Are any Placement Agent personnel former North Carolina Department of State Treasurer employees or contractors, North Carolina State Treasurers, Board members, or employees, consultants, or contractors of the Manager of Managers (if any)?



☐ Yes      ☐ No

*If your answer is “Yes,” list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

e.      **Prior Working Relationships**

List below any professional or working relationships that Placement Agent personnel listed in the responses to Questions 2.3(c) or (d) have had in the past with persons who are now Supplemental Retirement Plans personnel, contractors, or consultants; members of the Board; Investment Management Division personnel, consultants, or contractors; the State Treasurer; Department of State Treasurer Senior Staff; or employees, consultants, or contractors of the Manager of Managers (if any). If there are no prior working relationships to report, please indicate so by checking the “None” box below.

☐ None

*Please list in this section any occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship. You need not list prior occasions in which an Investment Manager utilized the Placement Agent to market a potential investment to the Department of State Treasurer.*

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f.      **Social Connections**

List below any social connections or relationships between Placement Agent personnel listed in the responses to Questions 2.3(c)-(d) and Supplemental Retirement Plans personnel, contractors, or consultants; members of the Board; Investment Management Division personnel, consultants, or contractors; the State Treasurer; Department of State Treasurer Senior Staff; or employees, consultants, or contractors of the Manager of Managers (if any). If there are no prior working relationships to report, please indicate so by checking the “None” box below.

☐ None

*Please list in this section any pre-existing relationships involving social contacts outside of business.*

4. Lobbying Information

*Check one of the two boxes below.*

☐ The Placement Agent (and/or any officer, employee, partner, or thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (attach additional pages as necessary):

☐ Neither the Placement Agent nor any officer, employee, partner, or principal thereof is registered as a lobbyist with any state government.

5. Political Contributions

a. Representation

The Placement Agent hereby confirms and represents that none of the Placement Agent and its covered associates as defined in SEC Rule 206(4)-5(f)(2) has made, coordinated or solicited any Political Contribution to the Treasurer or any incumbent, nominee, candidate or successful candidate for such elective office (i) in violation of applicable state or federal law or (ii) in a manner that would make it unlawful, under the SEC Rule, for the Investment Manager to seek compensation for services to the Treasurer, the Department, the Board, and/or the Plans.

b. Disclosure

During the last five years from the date of this letter, have the Placement Agent or any of its covered associates as defined in SEC Rule 206(4)-5(f)(2) made, coordinated, or solicited any Political Contributions for the campaign of (a) any incumbent, nominee, or candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office?

☐ Yes      ☐ No

*If your answer is "Yes," list applicable Political Contributions below.*

Date	Person or company making, coordinating, or soliciting	Person or entity receiving	Amount
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6. Signature

By signing below, the Placement Agent hereby (i) represents and warrants that the information in this Disclosure Letter is true, correct, and complete in all material respects, and (ii) agrees that it shall provide the Board and Department with a written update of any material changes to Questions 1 to 3.b, 5.a, and 6 in this Disclosure Letter within fourteen (14) days from the date the Investment Manager knew or should have known of the change of information.

Sincerely,

\_\_\_\_\_,  
**on behalf of the Placement Agent listed above**

**By:** \_\_\_\_\_  
(print name)

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_